



**MINISTRY OF ECONOMY OF THE SLOVAK REPUBLIC**

**FIRST ANNUAL REPORT ON MILITARY  
MATERIAL TRADE IN  
2004**

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The first Annual Report on Military Material Trading, submitted by the Ministry of Economy of the Slovak Republic in compliance with international obligations and applicable laws, will enable experts and the general public to receive a comprehensive picture of the legislation governing the purchase, sale, brokering and foreign trading in military material as well as fundamental statistical data on the volume, categories and final destinations of exported military material. The Report also includes a list of companies licensed by the Ministry of Economy of the Slovak Republic – pursuant to approvals granted by the Ministry of Interior of the Slovak Republic, the Ministry of Defence of the Slovak Republic, the Ministry of Foreign Affairs of the Slovak Republic and the National Security Authority - in the assessed calendar year to trade in military material as well as a list of licence applications for one of the forms of foreign trade activities which the Economy Ministry turned down pursuant to relevant provisions of Act No. 179/1998 Coll. on Trade in Military Material and supplements to Act No. 455/1991 Coll. on Licensed Trade (the Trades Act) as amended, as amended.

The First Annual Report aims at providing the public with all relevant data, the public disclosure of which is not in contradiction with the rules and principles for protection of classified information, a state, trade or service secret. I believe that the public disclosure of all available data and the explanation of a procedure for granting individual official permits in the field of military material trading will help to fill an information gap whose existence has been complained about mainly by non-governmental organisations involved in the examination and assessment of the level of transparency in the decision-making process of state authorities.

A basic assessment factor in preparation of the textual and graphical part of the Annual Report was a criterion of comprehensibility and further utilisation of presented information by the state administration bodies, NGO staff, experts and businesspersons and citizens who are interested in the process of military material trading from the perspective of decision-making powers of one of the central government bodies. I hope that the Economy Ministry has managed to fully meet this intention and that the First Annual Report will assist in improving information disclosure to the public and other subjects that are not involved in military material trading.

But the First Annual Report on Military Material Trading also plays another unparalleled role. Its priority is to refer to all obligations arising under international law and international policies which the Government of the Slovak Republic must observe when issuing licenses and permits for military material trading. In addition, reference is made to the fact that the approval and decision-making process complies with the standards inherent to the European Union Member States, the United Nations Organisation and NATO members who, based on their political and cultural maturity, have undertaken to trade in military material in accordance with the principles of peace and international security. This process is supervised in the Slovak Republic by the Ministry of Economy of the Slovak Republic on a basis of active cooperation with the Ministry of Foreign Affairs of the Slovak Republic, the Ministry of Interior of the Slovak Republic, the Ministry of Defence of the Slovak Republic, the National Security Authority, the Slovak Information Service and customs authorities. The description of tasks and the position of the aforementioned state authorities within the decision-making process is also one of the aims which the Ministry of Economy has set as its target when drafting the First Annual Report on Military Material Trading.

Dear readers, let me please offer you a word of thanks for your interest in the issue of military material trading. I believe that an active public approach is one of the key factors which help to improve and better the work of state authorities in all areas of state administration which the decision-making process certainly constitutes a part of. The Ministry of Economy of the Slovak Republic will make a full use of all relevant initiatives and comments on the content of the First Annual Report on Military Material Trading when producing a next year's report. Nevertheless I hope that the First Annual Report will represent a platform for the presentation and publication of information and data that the public has so far lacked in this area.

Jirko Malchárek  
Deputy Prime Minister and  
Minister of Economy of the Slovak Republic

The 2004 Annual Report of the Slovak Republic on Military Material Trading offers both experts and the wider public the possibility to look into the control system and activities of the Slovak Republic in this highly sensitive area. One of the aspects pertaining to the transparency of the EU policy on trading in military material is also the commitment to make this kind of information available to the public. The Slovak Republic takes this commitment seriously. The main goal of the Annual Report is to provide, in compliance with applicable Slovak laws, information on the amount, quality and type of exported or imported military equipment, including data on exports and imports of small arms and light weapons, in a reasonable scope. The Report includes a list of countries to which defence industry goods were exported in 2004. The current Report supplements Slovakia's contribution to the EU Annual Report for 2004. Fulfilment of this obligation which is bestowed on Slovakia as an EU Member State was preceded last year by the provision of the relevant 2003 data for Slovakia as an accession country at that time on a voluntary basis.

The military material trading is governed by Act No. 179/1989 Coll., as amended. Since its adoption in 1998, this regulation has been amended several times in order to keep pace with dynamic developments in the field. Its perception by the Slovak Republic as a candidate, accession and now EU Member State has always reflected increasingly growing awareness of the responsibility pertaining to the trade of these sensitive goods. This has resulted in the currently valid Slovak legislation complying with up-to-date EU standards and meeting the requirements for the protection of international peace and security. As regards this Annual Report, one of the important facts is, for example, that the obligation to disclose it to the public is stipulated by law.

However experience gained from the application of Act 179/1998 and developments in a discussion on some practical aspects of this particular issue within the EU have given rise to a necessity of further refinement of the said legislative framework. On that account, a draft amendment is currently undergoing an approval process to supplement the Act in force with some provisions of a procedural nature that impose obligations on businesses operating in the field of military material trading as well as rights and duties of state authorities performing the state administration functions in this area.

The application and improvement of the aforementioned Act mirrors one of Slovakia's policy priorities which include also the need to assess risks not only on the international law level but also within a political context. The Ministry of Foreign Affairs of the Slovak Republic plays an unparalleled role here as it has the right of veto within an approval process for military material exports. While the legally binding sanctions of international organisations are applied by the export control system in a virtually automated manner, activities of the Foreign Ministry and other state authorities focus on cases when exports are planned to go to a country which does not outwardly appear to be one of risk. The assessment of all aspects of a particular case aims at ensuring that the military material exports will not pose a threat to peace and lead to a violation of human rights, destabilisation of a country or region, acquisition of military material by terrorist groups or non-governmental entities, etc. The backbone of the said system is the EU Code of Conduct on Arms Exports. Political commitments arising for the Slovak Republic from its participation in multilateral exports control regimes supplement a mosaic of principles by which Slovakia abides in military material trading.

It is clear from the above-provided brief description that the application of the export control system represents a multidimensional issue. Responsibility shared by the state authorities is even greater in light of the fact that military material trading is a point of conflict between the differing opinions of exporters and the public represented mainly by the media and NGOs. Both of these groups will assess the transparency of the submitted Report from their own point of view. In this context we are also open to further refinement of the report in the future which will take into account developments in approaches towards the respective issue both at a national or European level. I believe that this publication will constitute a proper baseline for the further search for amenable compromises to satisfy legitimate interests of respective stakeholders for the sake of the protection of peace, safety, stability and economic prosperity.

Eduard Kukan  
Minister of Foreign Affairs of the Slovak Republic

## **GENERAL OVERVIEW**

## Legislation framework for military material trade

The basic legal regulation, governing the activity of business entities in the field of trading in military material is Act No. 179/1998 Coll. on Trading in Military Material and on the Amendment to Act No. 455/1991 Coll. on Licensed Trade (the Trades Act) as amended, as amended. Only companies which hold a valid authorization for trading in military material are authorized to trade in military material (to sell and buy military material or to execute any form of foreign trade activity in connection with the military material or brokerage activity).

Authorisation for trading in military material acts as a control mechanism in relation to the entities performing business activities in the field of military material trade. Each company expressing an interest in obtaining the authorisation must demonstrate the non-existence of financial liabilities towards the relevant state institutions (Social Insurance Agency, Customs Directorate of the Slovak Republic) and towards the relevant Health Insurance Agencies and must also have a clean criminal record and the dependability of the statutory body and of the appointed responsible representative. It is also necessary that the applicant for the granting of the authorisation for trading in military material submits a Certificate on Entrepreneur Industrial Security issued by the National Security Authority.

A Certificate on Entrepreneur Industrial Security is issued by the National Security Authority to entrepreneurs that are capable of ensuring the protection of the classified information and is economically stable and reliable in terms of security. An entrepreneur that has failed to create conditions for the protection of the classified information in accordance with the Act on the Protection of Classified Information and on the Amendment of certain relevant acts is not considered as a person capable of ensuring the protection of classified information. An entrepreneur in liquidation; an entrepreneur whose property has been subject to bankruptcy; an entrepreneur whose property has been subject to a permitted settlement; an entrepreneur who has failed to fulfil his financial obligations towards the state or has repeatedly failed to fulfil his financial obligation towards other natural or legal persons is not considered to be economically stable. An entrepreneur is considered as unreliable in terms of security, when a security risk is identified in connection with him, such as having acted against the interests of the Slovak Republic in the field of the state defence, security of state, international relations, economic interests of the state, functioning of the state authority or against the interests which the Slovak Republic has undertaken to protect; international, business or property relations that could harm foreign policy or the security interests of the Slovak Republic; the existence of business, property or financial relations with persons from the environment of organized crime; corrupt behaviour on the part of the entrepreneur; personal instability in managerial positions and bodies of the entrepreneur or termination of the validity of the managing entrepreneur authorisation.

The Ministry of Economy of the Slovak Republic adopts decisions on the granting of Authorisation on Trading in Military Material on the basis of the statements by the Ministry of the Interior of the Slovak Republic, the Ministry of Defence of the Slovak Republic, the Ministry of Foreign Affairs of the Slovak Republic and the National Security Authority concerning the filed application depending on the rights and competences of the listed authorities. A statement from each of the listed entities concerning the application for granting an Authorisation for Trading in Military Material is binding for the Ministry of Economy.

The holder of the Authorisation for Trading in Military Material that is authorised to carry out foreign trade activities with military material is obliged to apply for a licence for the import, export or inter-community transport of military material in the course of execution of each business transaction. The licence shall be applied for even if the military material is transported within the single European market. The obligation formulated in this way corresponds with the requirements for the elimination of the possibility of entities representing security risks in any of the EU Member States obtaining military material.

The Ministry of Economy of the Slovak Republic adopts decisions on the granting of the licence pertaining to any form of foreign trade activity involving military material on the basis of the statements to the filed application for licenses by other state authorities (the Ministry of Foreign Affairs of the Slovak Republic, the Ministry of Defence of the Slovak Republic, the Ministry of the Interior of the Slovak Republic and the National Security Authority). The fulfilment of all formal essentials on the part of the applicant (the submission of all documents prescribed by law) does not signify an automatic right for the granting of the requested license. In many cases of fulfilment of all formal essentials of the application, the Ministry of Economy is informed about the existence of a demonstrable risk of diversion of the military material from the territory of the declared end user to a state where military conflict is in progress or in which basic human rights and freedoms are violated by a non-democratic regime. Another danger is the re-export of the exported military material to groups or persons with links to certain the terrorist organisations. The Ministry of Economy **shall examine, evaluate and consider the listed risks when adopting the final decision on the granting or rejection of the submitted application**. In addition to membership in the United Nations Organisation, the European Union and the Organization for Security and Co-operation in Europe, which oblige the government of the Slovak Republic to adhere to international standards concerning trade in military material, it is also important not to overlook the Slovak Republic's membership in the international control regime. Active participation in the activities of the Wassenaar Agreement, the Australia Group, Nuclear Suppliers Group and the Organization for the Prohibition of Chemical Weapons represent international obligations, which can not be unilaterally ignored. In terms of the export of military material, the international control regime **obliges** all its member states to prevent the misuse of the exported military material in accordance with the principles of international peace, security and in respect of basic human rights and freedoms or its possible diversion from the listed purpose. For this reason, the Ministry of Economy of the Slovak Republic vigorously examines all risk factors and considers the acquired facts when issuing first-instance decisions with respect to the submitted applications. If a company has doubts about the possibility of performing a particular business transaction, it has the right to request the Ministry of Economy for the issue of preliminary consent for dealing with a foreign partner prior to submitting the actual application for granting a license.

The Ministry of Economy is at present preparing a new legal regulation, which will replace the valid Act on Trading in Military Material. On 15 October 2005, Decree of the Ministry of Economy of the Slovak Republic No. 4/2003 amending Decree of the Ministry of Economy of the Slovak Republic No. 1/2003 implementing certain provisions of Act No. 179/1998 Coll. on Trade in Military Material and on Amendment to Act No. 455/1991 Coll. on Licensed Trade (the Trades Act) as amended, as amended, entered into force. The mentioned regulation transposes a new list of military material identical to the Common Military List of the European Union into the legal system of the Slovak Republic.

## International control regimes in the field of military material trade

**An international control regime is an international executive and information system** which focuses on minimising the risk of the proliferation of military material, conventional weapons, chemical, biological and nuclear biological substances and technologies, which can be used for the production of the weapons of mass destruction as well as chemical substances, which can be misused for the illegal production of narcotic or psychotropic substances, selected dangerous chemical substances and agents, which are harmful for life and the health of people and the environment. In the field of restrictions concerning chemical weapons, the regime also defines the framework for non-prohibited activities, national implementation measures, granting aid for other OPCW member states, international cooperation and the identification of facts, economical and technical development, international verification procedures and the framework of privileges and immunities.

International control regimes incorporate the following activities:

1. the adoption of legislation on international level;
2. the approximation of international and European legislation and resolutions of supranational organisations into the national legal system or to activities of national authorities responsible for implementation of the international convention;
3. the issue of relevant official authorisations;
4. the supervision of the conditions stipulated in valid legal regulations by the authorised persons and other relevant entities and the verification of compliance with the conditions laid down in the granted official authorisations by the authorised persons;
5. verification of the actual use of official authorisations for certain forms of foreign trade activity;
6. the imposition of sanctions in connection with demonstrated violations of valid legal regulations;
7. information exchange with other member states of the international control regime;
8. special activities.

The above mentioned activities can be characterised in the following way:

1. The relevant legislation is adopted by the authorities of the individual control regimes. The member states mainly become acquainted with the drafts of control lists (lists of goods and technologies which can be exported, imported, purchased and sold only with relevant official authorisation) or with the change of the applicable definitions directly at the meeting of the relevant authority. The task of the delegated expert is to adopt a standpoint to the suggested change (immediately or after the draft has been consulted with the other national experts). Approved changes are worked into the control lists of the international control regimes, which serve as a foundation for the Common Military List of European Union. The Slovak Republic, as a member of the European Union, is obliged to transpose the above mentioned secondary law into its national legislation.

The Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (hereinafter as the “Convention”) is the basic document in the field of the prohibition of chemical weapons. In addition to inspection lists, the OPCW Executive Council also discusses motions of procedural, expert, legislative and confidential character, based upon which decisions are taken by the Conference of the OPCW Member States. Proposals and opinions on proposals prepared by the National Authority of the Slovak Republic for the Prohibition of Chemical Weapons (ME SR) are presented to the Executive Council and to the Conference by a Permanent Diplomatic Representative of the Slovak Republic to the OPCW on behalf of the Government of the Slovak Republic. Decisions adopted by the Conference are binding to OPCW Member States and are subsequently implemented into the national law of the Slovak Republic, if necessary, or into the activities of the National Authority and subsequently into practice.

2. All amendments to inspection lists contained in the respective European legislation have to be implemented into the corresponding national regulations. In the field of trade in military material, such relevant legislation includes the following:
  - a. **Act No. 179/1998** on Trade in Military Material and on Amendment to Act No. 455/1991 on Licensed Trade, as amended, as amended
  - b. **Decree of the Ministry of Economy of the Slovak Republic No. 1/2003** implementing certain provisions of Act No. 179/1998 on Trade in Military Material and on Amendment to Act No. 455/1991 on Licensed Trade (the Trades Act) as amended, as amended.
  - c. **Act No. 129/1998** on the prohibition of chemical weapons and amendments and supplements to certain acts.
  - d. **Decree of the Ministry of Economy No. 44/1999** implementing the Act on the prohibition of chemical weapons and amendments and supplements to certain acts.
3. The primary objective of international control regimes (which prevents illicit proliferation of items contained in the respective inspection lists) is safeguarded in the Slovak Republic by means of the following measures:
  - a. ratification of the respective international legislation or the acceptance of decisions and recommendations of an international body,

- b. drafting or amending of the relevant national legislation,
  - c. setting up of a national authority responsible for the implementation of and compliance with the international legal regime in the conditions of the Slovak Republic,
  - d. provision of information prescribed by conventions and decisions of international bodies and mutual exchange of information among member states,
  - e. enabling international inspection of facts declared by the Slovak Republic,
  - f. provision of assistance to other member states in training, technical development, investigation of incidents and in the case of the suspicion or threat of use of chemical weapons,
  - g. performance of control or inspection activities in the territory of the Slovak Republic in any state facility or private business facility,
  - h. cooperation or coordination of activities of other ministerial bodies on the state level in the adoption and implementation of preventive and repressive measures,
  - i. effective system of issuing of official authorizations for the development, production, processing, consumption, storage, possession, export, import, transit, purchase and sale of monitored goods and technologies. According to the conditions of the Slovak Republic this involves:
    - o authorization to trade in military material
    - o licence to import military material
    - o licence to export military material
    - o licence for inter-Community transport of military material
    - o authorization to transit military material within the state territory of the Slovak Republic
4. Supervision over the compliance with conditions as laid down in the legislation in force comprises the verification of the compliance with the obligations that the state body or a business entity - holder of the respective licence is required to fulfil, or the obligations resulting from the law in force concerning the users of monitored chemical substances. The supervision is performed by means of inspecting administrative documents, verification of notifications from other state bodies and supervision of both state bodies and business entities by the employees of the Ministry of Economy of the Slovak Republic. The performance of inspections is partially governed by the provisions of Act No. 10/1996 on Control in State Administration, laying down basic rules of supervision in the performance of external supervision in the scope of competence as stipulated by special regulations (laws and executive regulations listed in Item 2). The identified shortcomings result in the imposition of sanctions in accordance with the applicable regulations, or the referral of findings to law enforcement authorities. The verification of compliance with the conditions prescribed in the issued licenses is performed in a similar manner. Moreover, in the field of prohibition on chemical weapons twelve business entities in the Slovak Republic are subject to the international verification regime under the Convention, which is performed at least twice a year by inspectors of the Organization for the Prohibition of Chemical Weapons. The verification regime inspects whether the declared activities are justified, as well as the veracity of the data on the declared activities, the production technology as to the possibility of its misuse for illegal production of chemical weapons, the provision of products up to the end user, etc. Should any shortcomings be identified, this would cast doubts on the credibility of the Slovak Republic abroad.
  5. The verification of actual use of authorisation for any of the activities in international trade is performed in direct cooperation with customs authorities. Information on the actual use of issued licences is one of the means of monitoring the movement of sensitive goods outside the state territory of the Slovak Republic (military material) or outside the territory of the Community.
  6. The imposition of sanctions for a breach of obligations under the laws in place, is the primary power of organization units applying the respective regulation. Under Act No. 10/1996 on Control in State Administration, within the Ministry of Economy of the Slovak Republic, the Inspection Department is empowered to check whether the above bodies adhere to the principle of legality in their course of action. Regular and extraordinary remedies against first-instance decisions on the imposition of sanctions are considered by the relevant bodies under Act No. 71/1967 on Administrative Proceedings (The Administrative Code), as amended.
  7. Exchange of information with other member states is carried out by means of the sending of regular notifications and declarations to the secretariats of the respective inspection regimes, whereby the information relates to import, export, transport of licensed commodities and the production of monitored chemical substances. Other types of information are the so-called "denials" (decisions rejecting the applications for the granting of licence), issued by member states, which are regularly send to other member states in order to prevent similar export or import of sensitive goods. In the field of prohibition of chemical weapons the so-called discrepancies occur as a result of submission and failure to submit, respectively, the declaration on exported or imported monitored chemical substances by the exporting and importing member state respectively.
  8. Special activities: In the field of prohibition of chemical weapons the Ministry of Economy plays the role of the National Authority of the Slovak Republic for the prohibition of chemical weapons that is directly responsible for compliance with the provisions of the Convention and for the performance of activities falling under measures in Items 3b, 3d – 3h.



**Review of the international control regimes, which the Slovak Republic is a member of**

**The Wassenaar Arrangement**, which is focused on the export control of military material, conventional weapons and dual-use goods and technologies – this includes the control of chemical products, micro-organisms and toxins, production materials used for the processing of controlled materials, electronics, computers, telecommunication and data protection, sensors and lasers, navigation and airborne electronics, navy, driving systems, spacecraft and the respective equipment.

**The Australia Group**, which controls precursors of chemical and biological weapons, certain viruses and pathogenic organisms and facilities allowing the production of such substances.

**The Nuclear Suppliers Group**, which controls minerals for nuclear energy sector, nuclear facilities, equipment, accessories and software.

**The Organization for the Prohibition of Chemical Weapons**, providing an institutional framework for identification and elimination of chemical weapons.

**The Rotterdam Convention** on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

It is expected that the Slovak Republic will be accepted to join the Missile Technologies Control Regime, which guarantees the control of missile technologies, carriers and related facilities, which Slovakia as an EU member state fully adhered to. This is another regime, where the Sensitive Goods Trade Management Department of the Ministry of Economy of the Slovak Republic will be the national authority.

**Overview of the authorisations for military material trading granted in 2004**

In 2004 the Ministry of Economy of the Slovak Republic granted twenty-two authorisations for trade in military material. Authorisations were granted to the following business entities:

1. ROBUS s.r.o., Krupina
2. VOJENSKÝ OPRAVÁRENSKÝ PODNIK 015, NOVÁKY, ŠTÁTNY PODNIK, Nováky
3. SLOVKAZ Promotion s.r.o., Zvolen
4. EVPÚ a.s., Nová Dubnica
5. HONT-stav spoločnosť s ručením obmedzeným , Krupina
6. KERGOL J.P., spol. s.r.o., Prešov
7. WILLING INTERNATIONAL s.r.o., Zvolen
8. I.V.A., s.r.o., Stakčín
9. ESOX VRÚTKY s.r.o., Vrútky
10. SOTEKO s.r.o., Martin
11. ARMINEX, s.r.o., Bratislava
12. Č. D. P. s.r.o., Martin
13. ZTS Elektronika ES, a.s., Nová Dubnica
14. Vojenský technický a skúšobný ústav Záhorie
15. VERUS, s.r.o., Bratislava
16. PYRA, spol. s.r.o., Bratislava
17. Vojenský letecký technický a skúšobný ústav Košice
18. TRANSMISIE MT, s.r.o., Martin
19. AXAMIT ARMS, s.r.o., Piešťany
20. Letecký útvar Ministerstva vnútra SR, Bratislava
21. SYNTCHEM, spol. s.r.o., Chrenovec – Brusno
22. MCA, spol. s.r.o., Martin

**Overview of the rejected applications for the granting of the authorisation for military material trading**

In 2004 two applications for the granting of an authorisation for military material trading were rejected. One of the applications was rejected due to formal deficiencies, which had not been corrected even at the request of the first-instance authority. The other application was rejected in line with Section 11 (c) of the Act on Trade in Military Material, as the granting of the requested authorization would have been contradictory to the security interests of the Slovak Republic.

**Overview of the rejected applications for the granting of authorisation for the export of military material**

In the last year the Ministry of Economy rejected eight applications for authorization for the export of military material. The applications were rejected due to the following reasons:

- a. Discrepancies between the requested exports and foreign-policy interests of the Slovak Republic due to a contradiction between the requested exports and international obligations of the Slovak Republic and the principles of controlled trade in military material, which are honoured by the member states of the international organizations and associations, of which the Slovak Republic is a member – six rejections.
- b. Formal defects in the submitted application – one rejection.
- c. Pending litigation concerning alleged violation of patent rights of a beneficiary by means of unauthorized use of a patent product – one rejection.

## **Obligations of the Slovak Republic resulting from membership in international organisations and political associations**

Foreign policy in the field of arms control, disarmament and arms non-proliferation of weapons is carried out by the Slovak Republic via multilateral forums, such as the UN First Committee, UN Disarmament Commission, Conference on Disarmament, as well as via separate discussion forums and implementation bodies of disarmament treaties and control regimes, to which Slovakia is a party, member state or participating state.

The Slovak Republic is a signatory of all significant conventions in the field of arms control and disarmament, including the Nuclear Non-Proliferation Treaty (NPT), Biological Weapons Convention (BWC), Chemical Weapons Convention (CWC), Comprehensive Nuclear Test Ban Treaty (CTBT), Convention on Certain Conventional Weapons (CCW), Convention on Anti-Personnel Landmine Ban (so-called Ottawa Convention) and others.

Developed countries continuously improve cooperation under international export control of military material, as well as dual-use materials and technologies. It is evident that besides weapons and military material it is also necessary to apply due control to goods, which are primarily designed for civilian use, however, can also be used or indeed misused for military purposes. It is especially important to control materials suitable for the production of WMD. Based on this knowledge, multilateral regimes of export control have been set up, which focus on harmonization of export policies of sensitive materials, particularly on the basis of joint lists of controlled materials.

The Slovak Republic attaches great importance to its membership in multilateral control regimes. Besides corroborating the member states' responsible approach and credibility, the membership in such regimes also gives the member states access to cutting-edge technologies and opens up perspectives of an enhanced cooperation with partners.

The Slovak Republic is a participating state of the Wassenaar Arrangement (WA), the Australian Group (AG), Nuclear Suppliers Group (NSG) and voluntarily complies with the principles of the Missile Technologies Control Regime (MTCR), which play the role of multilateral regimes for export control of military material or goods and technologies that can be used for arms production. The Slovak Republic is also a member of the International Atomic Energy Agency IAEA and the Zangger Committee (ZC), a participant of the Security Initiative Against Proliferation of Mass Destruction Weapons (PSI) and belongs to the founding signatories of the Hague Code of Conduct Against Ballistic Missile Proliferation (HCOC).

With respect to arms export control, the obligations of the Slovak Republic under international law are laid down in UN, OSCE and EU embargos, in the EU Code of Conduct on Arms Export and in other EU positions, as well as in international treaties.

The outlined mosaic of obligations, which the Slovak Republic adheres to in the field of export control, is complemented by specific instances of rejected applications for export in partner countries, of which the states continuously notify each other and they respect them based on the principle of "no undercut".

## **EU Code of Conduct on Arms Export**

The European Union has become the first group of countries which has adopted, on a supranational level, a document defining the code of conduct on arms transfers. EU Code of Conduct on Arms Export (see Annex) of June 1998 builds on previous national and international measures taken in this area including the Common Criteria of the European Community for arms export adopted in 1991 and 1992 and principles of OSCE in the area of the international transfers of conventional arms stipulated in 1993.

The Code represents an important element of the Common Foreign and Security Policy of the EU. As one of the EU tools, the Code presents its effort to set high common standards applicable to the EU Member States aimed at responsible decision-making and achieving greater transparency in exports of arms and military material. The Code addresses not only EU Member States, but also other states. It includes a challenge for its application for all the countries that declare responsibility in trading in goods that are sensitive in nature, in terms of international security, stability, internal repression or compliance with human rights etc. As regards the issue of the Code, the following countries have explicitly declared to be of the same opinion as the EU and have identified themselves with the criteria and principles of the Code: Bosna and Hercegovina, Bulgaria, Croatia, Iceland, Canada, Macedonia, Norway and Romania.

The core of the Code is formed by criteria according to which EU Member States and the aforementioned states consider cases of export on individual basis. Commencement of application of these criteria has meant a crucial move forward in the area of the control of international transfers of arms and military equipment. The criteria of the Code reflect the fundamental obligations of states in accordance with international law. An important part of the Code is formed by the operative provisions which describe the notification tools of denied exports and consultation regarding relevant trade cases.

The Code, in its present form, is not the final word of the EU in strengthening the responsibility in pursuing the aforementioned goals. The EU evaluates operation of the Code every year. On this basis, preparation of the Common Position of the EU including the revised Code is currently in the final stage. Progress shall consist of quality improvement both in the contents and the form by transforming the Code into a document of a legal nature, which shall remove certain doubts concerning its binding character. The SR, as a country fully respecting the Code in its present form, supports further improvement of the document's efficiency. Concurrently, the EU is finalising the preparation of the so-called "toolbox" which shall serve as a special assessment tool for exports into countries in relation to which the EU has cancelled arms embargoes.

### **Expectations and future direction of the common foreign policy in the area of export control**

One of the current questions in the given area is the requirement for acceptance of a global treaty on trade with arms. The requirement builds on the need for the drawing up of a convention which would set principles and tools concerning international transfers of conventional arms on a global level.

The EU is a pioneer in the area of control of conventional arms export. The SR, as a part of the EU, requests that the development of a global tool of arms trade control be handled in such a manner that its effect approximates EU standards as much as possible and that as wide a range of signatories as possible is ensured in terms of quantity as well as quality. Insufficient consideration of the request for the qualitative aspect of the area of signatories fails to bring a result satisfactory in terms of the pursued goals. The SR has supported the declaration of the EU Council of 3 October 2005 which is included in the Annex also in this context.

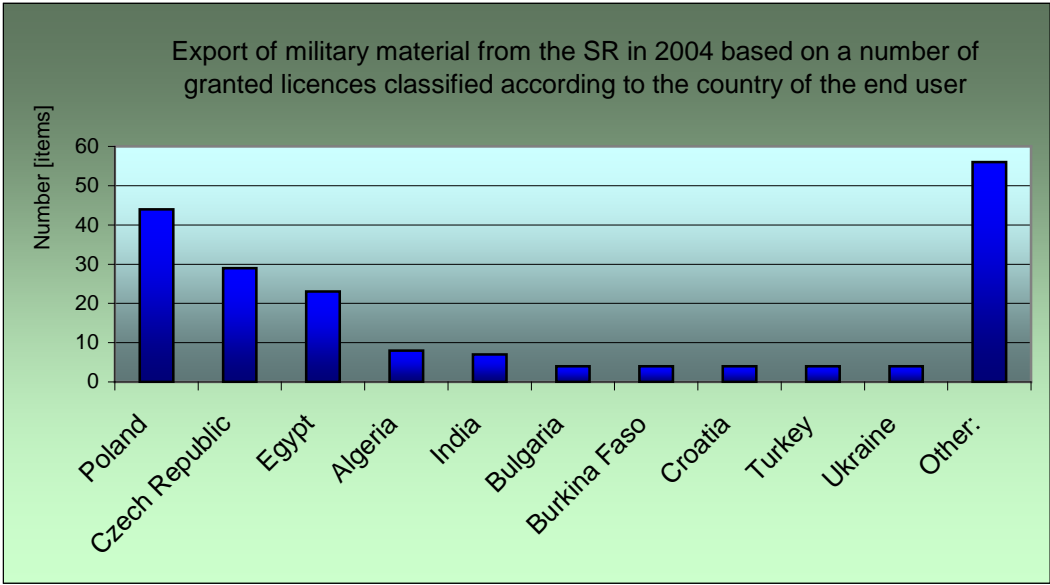
The issue of drawing up a global treaty on trade with arms is closely linked to the issue of small arms and light weapons. The second biennial meeting of the member states took place in New York in July this year with a view to considering the implementation of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in all its aspects. The SR has supported an initiative for control of transfer of small arms and light weapons which falls within the context of implementation of the UN Programme of Action. The initiative aims to achieve, before the Conference on Consideration of the Programme of Action takes place in 2006, consensus among the UN states on the criteria and principles on the national, regional and sub-regional level concerning observance of the common minimum standards in import, export and transit of small arms and light weapons. The feasible progress in this area may be part of a move towards a serious debate on ATT.

## **TABLES**

Annex 1

Export of military material from the SR in 2004 based on a number of granted licences classified according to the country of the end user

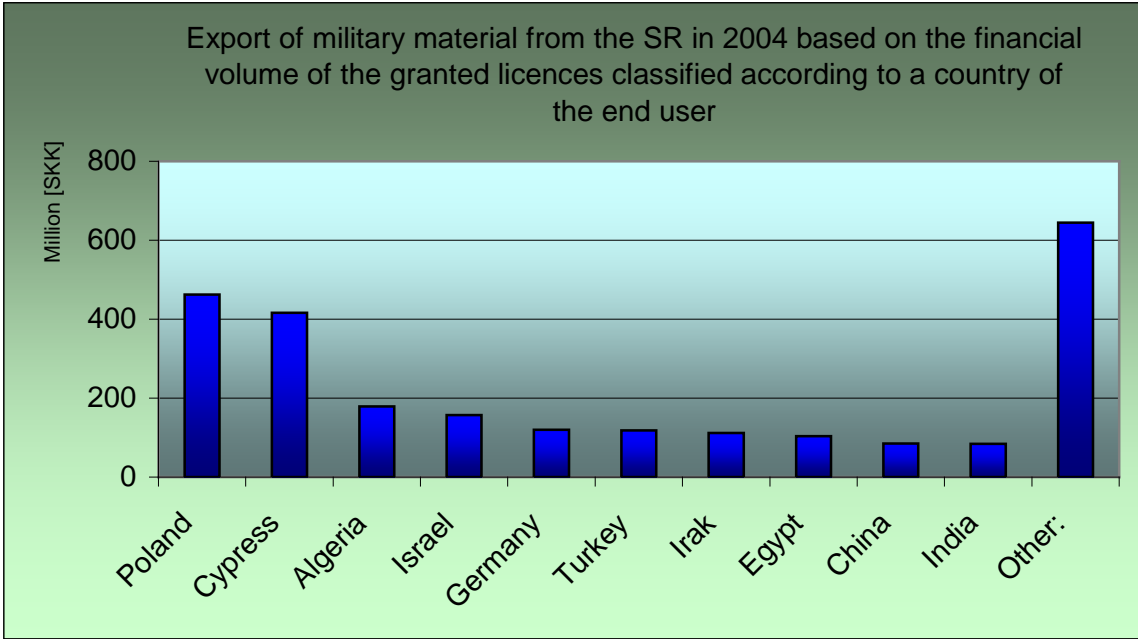
Country	Number of granted licences [items]
Poland	44
Czech Republic	29
Egypt	23
Algeria	8
India	7
Bulgaria	4
Burkina Faso	4
Croatia	4
Turkey	4
Ukraine	4
Others:	56
In total:	187



Annex 2

Export of military material from SR in 2004 based on the financial volume of the granted licences classified according to a country of the end user

Country	Financial volume of granted licences [SKK]
Poland	461 950 029
Cyprus	416 050 410
Algeria	179 077 119
Israel	156 946 000
Germany	120 000 000
Turkey	117 877 000
Iraq	112 000 000
Egypt	103 817 542
China	85 000 000
India	84 209 922
Others:	644 269 901
In total:	2 481 197 923

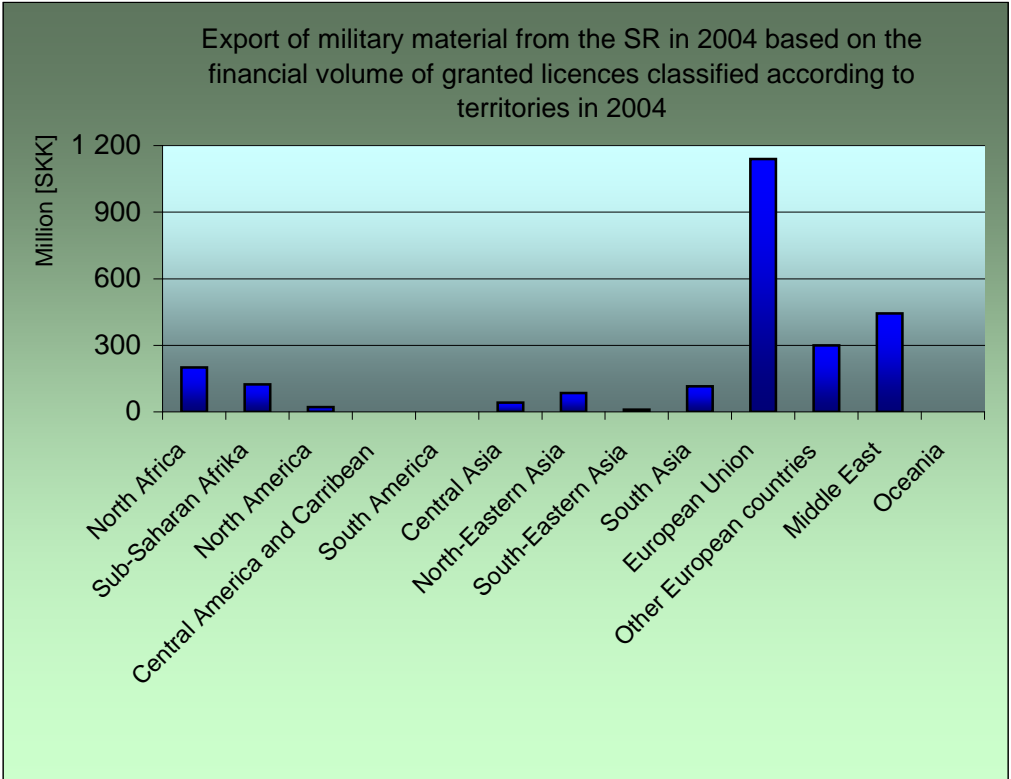
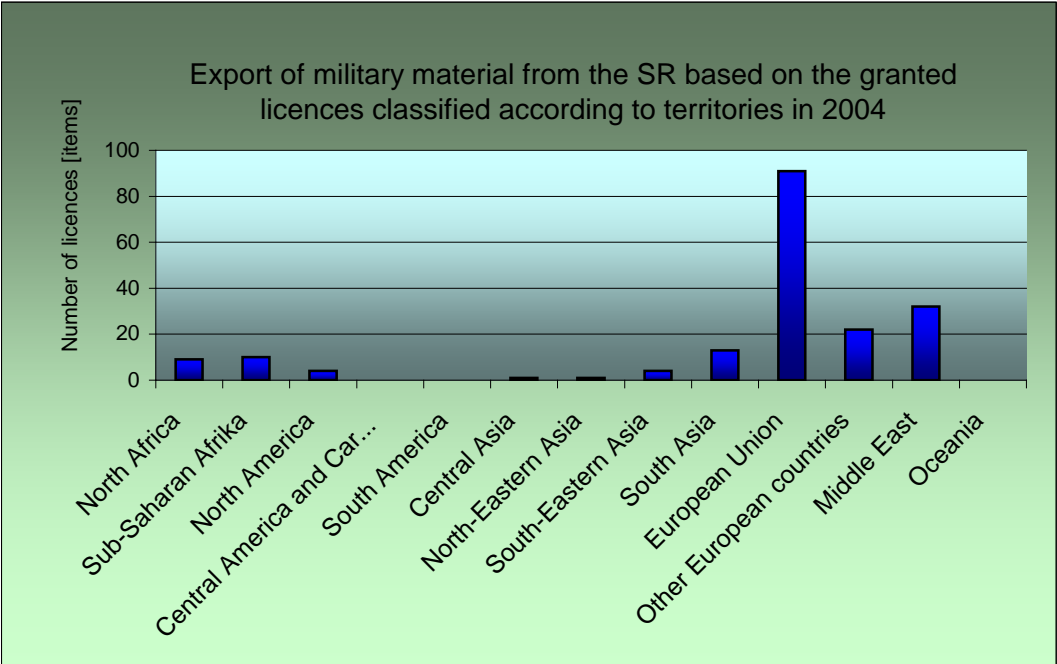




Annex 3

Export of military material from the SR based on the granted licences classified according to territories in 2004

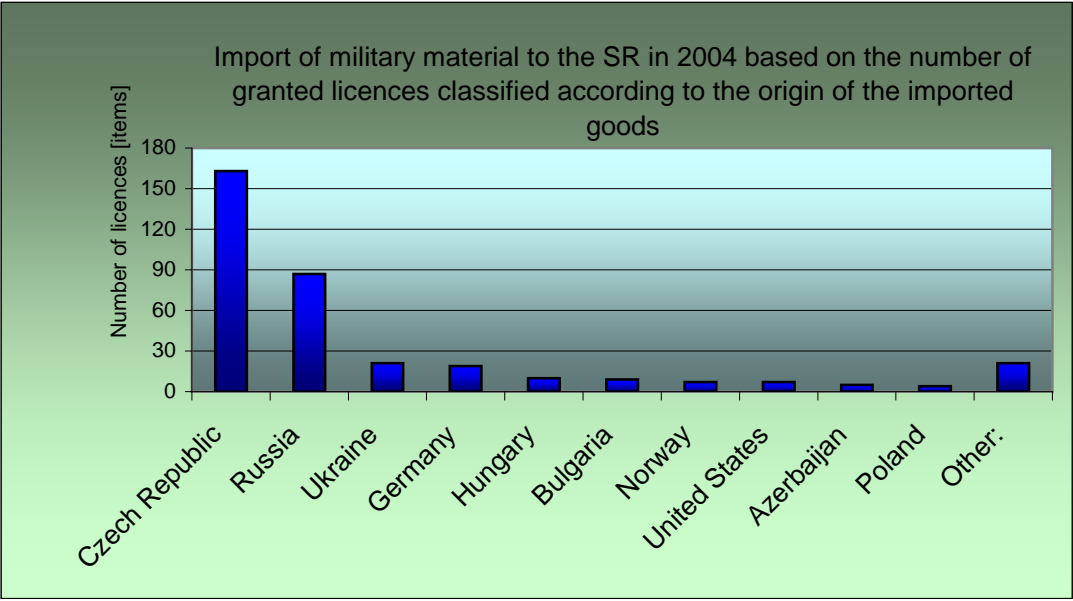
Territory	Number of granted licences [items]	Financial volume of granted licences [SKK]
North Africa	9	200 077 119
Sub-Saharan Africa	10	124 384 000
North America	4	22 312 500
Central America and Caribbean	0	0
South America	0	0
Central Asia	1	41 587 740
North-East Asia	1	85 000 000
South-East Asia	4	10 510 000
South Asia	13	115 035 662
European Union	91	1 139 554 860
Other countries of Europe	22	299 230 500
Middle East	32	443 505 542
Oceania	0	0
In total:	187	2 481 197 923



Annex 4

Import of military material to the SR in 2004 based on the number of granted licences classified according to the origin of the imported goods

Country	Number of granted licences [items]
Czech Republic	163
Russia	87
Ukraine	21
Germany	19
Hungary	10
Bulgaria	9
Norway	7
USA	7
Azerbaijan	5
Poland	4
Others:	21
In total:	353



Annex 5

Import of military material to the SR in 2004 based on the financial volume of granted licences classified according to the origin of the imported goods

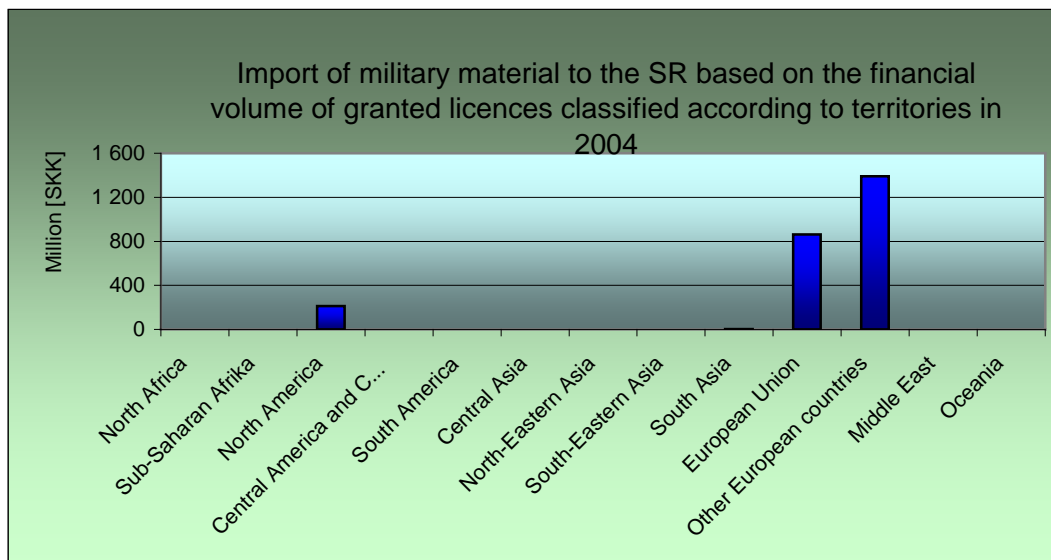
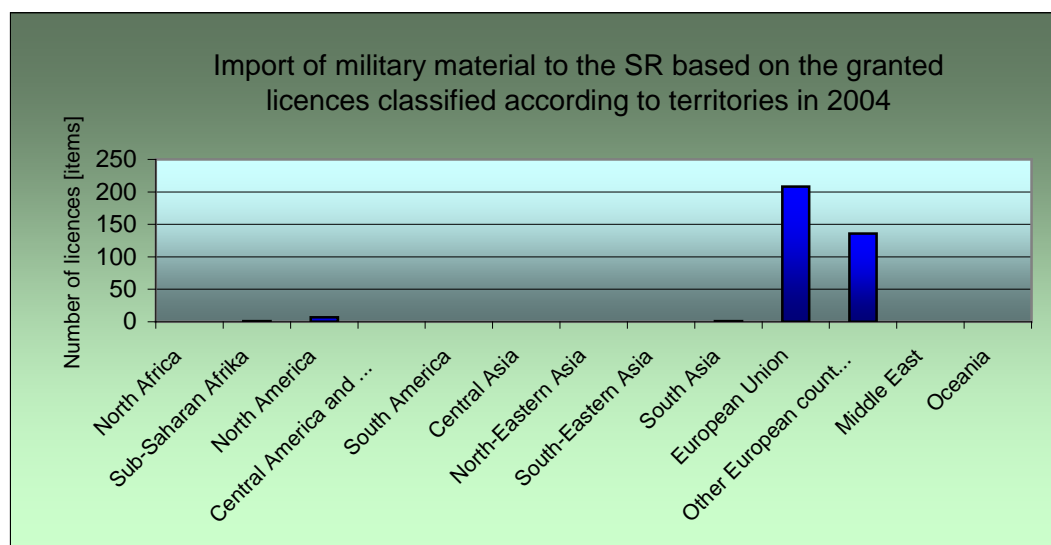
Country	Financial volume of granted licences [SKK]
Russia	1 112 105 702
Czech Republic	586 632 699
USA	212 809 608
Ukraine	196 783 801
Germany	191 983 546
Norway	36 688 294
UK	30 715 920
Hungary	25 658 100
Switzerland	17 059 000
Azerbaijan	10 557 676
Others:	46 067 577
In total:	2 467 061 924



## Annex 6

## Import of military material into the SR based on the granted licences classified according to territories in 2004

Territory	Number of granted licences [items]	Financial volume of granted licences [SKK]
North Africa	0	0
Sub-Saharan Africa	1	253 016
North America	7	212 809 608
Central America and Caribbean	0	0
South America	0	0
Central Asia	0	0
North-East Asia	0	0
South-East Asia	0	0
South Asia	1	1 485 000
European Union	208	862 819 275
Other countries of Europe	136	1 389 695 024
Middle East	0	0
Oceania	0	0
In total:	353	2 467 061 924

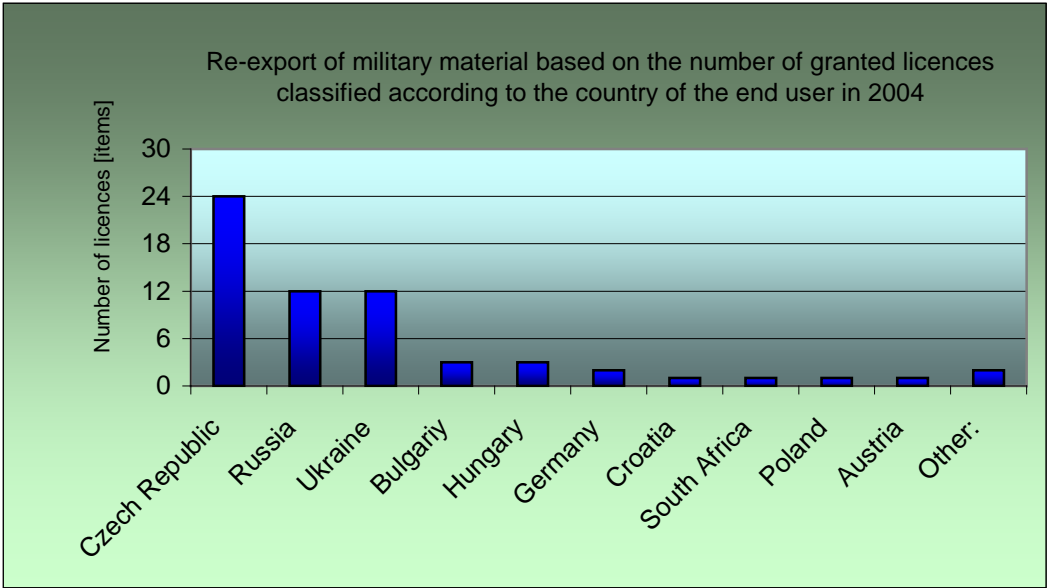


Annex 7

Re-export<sup>x</sup> of military material based on the number of granted licences classified according to the country of the end user in 2004

Country of origin	Number of granted licences [items]
Czech Republic	24
Russia	12
Ukraine	12
Bulgaria	3
Hungary	3
Germany	2
Croatia	1
South Africa	1
Poland	1
Austria	1
Others:	2
In total:	62

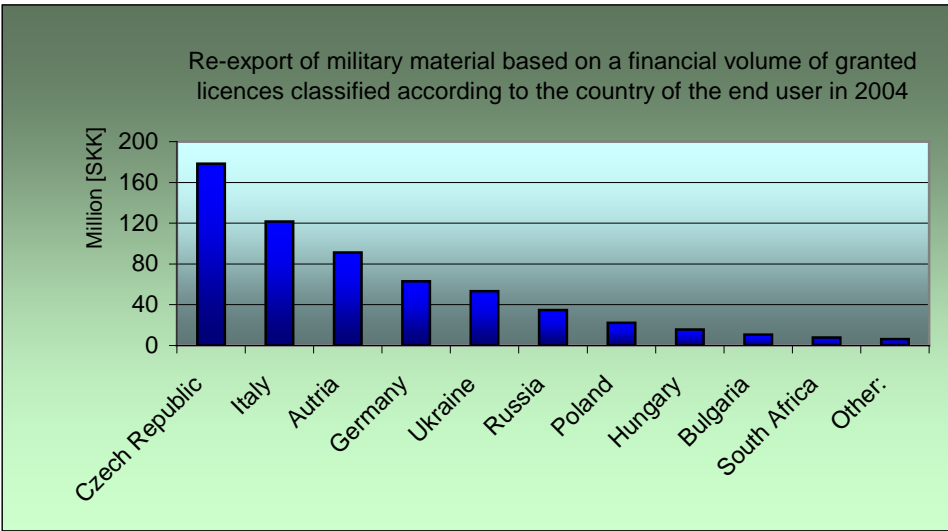
<sup>x</sup> Reexport means import of military material into SR and its subsequent export to third countries



Annex 8:

Reexport<sup>x</sup> of military material based on a financial volume of granted licences classified according to the country of the end user in 2004

Country of origin	Financial volume of granted licences [SKK]
Czech Republic	178 467 007
Italy	121 600 000
Austria	91 226 646
Germany	62 905 804
Ukraine	53 242 034
Russia	34 681 000
Poland	22 158 840
Hungary	15 768 800
Bulgaria	10 734 613
South Africa	7 798 444
Others:	6 275 600
In total:	604 858 789

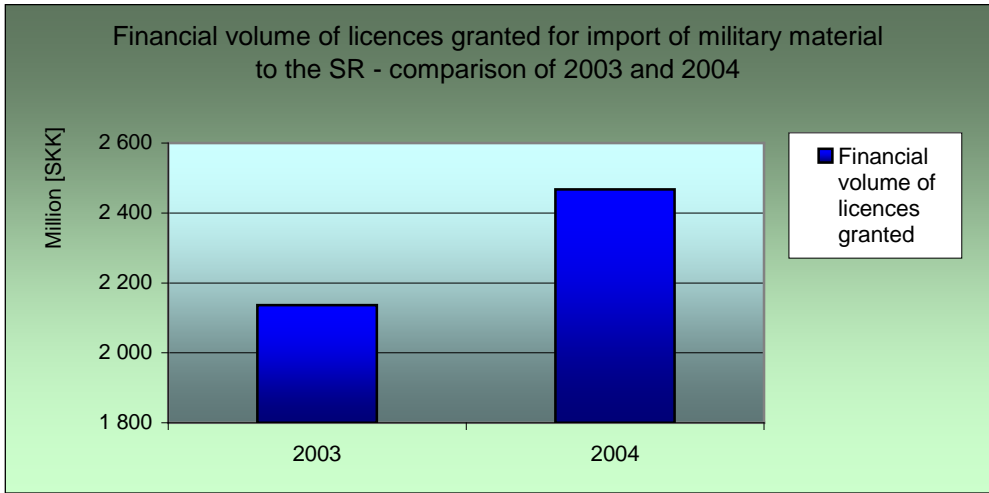
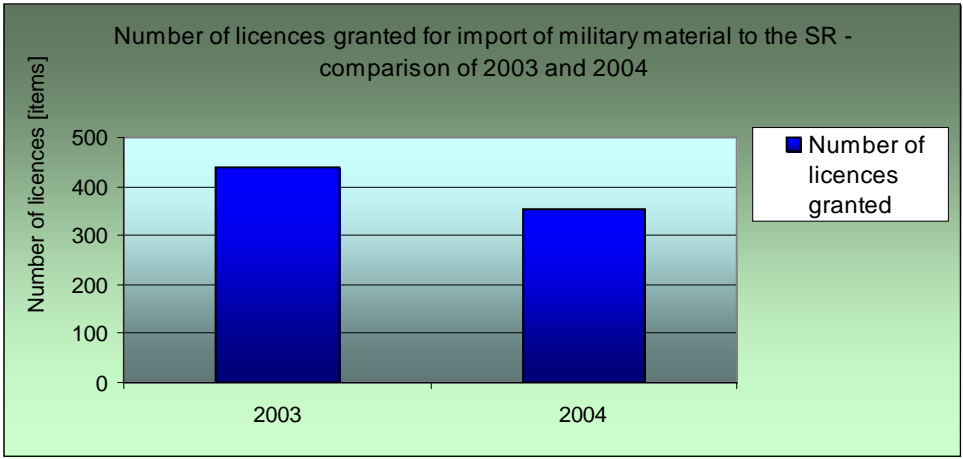


<sup>x</sup> Re-export means the import of military material to the SR and subsequent export to third countries

Annex 9:

Number of granted licences for the import of military material to the SR – comparison of 2003 and 2004

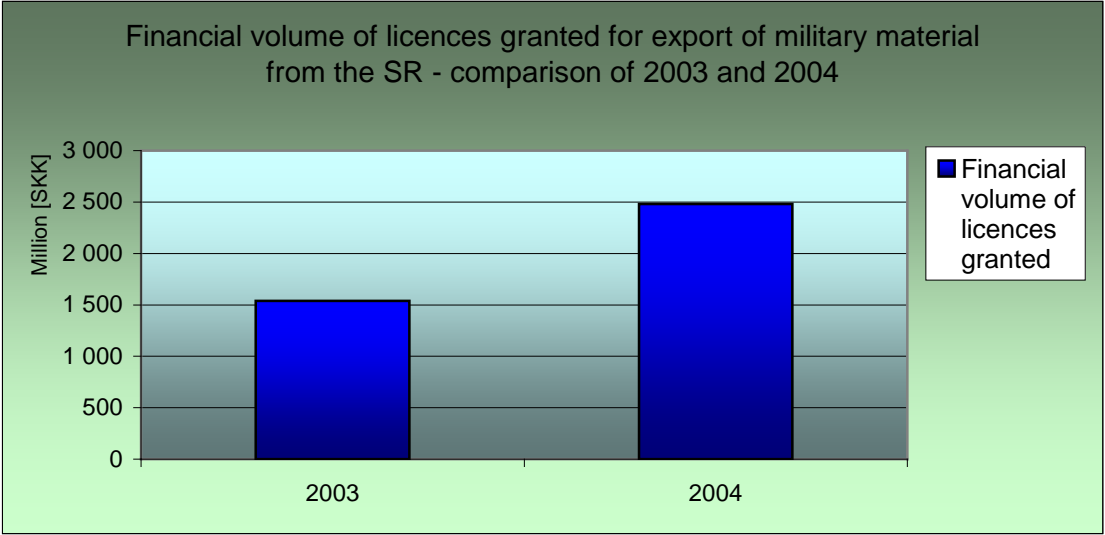
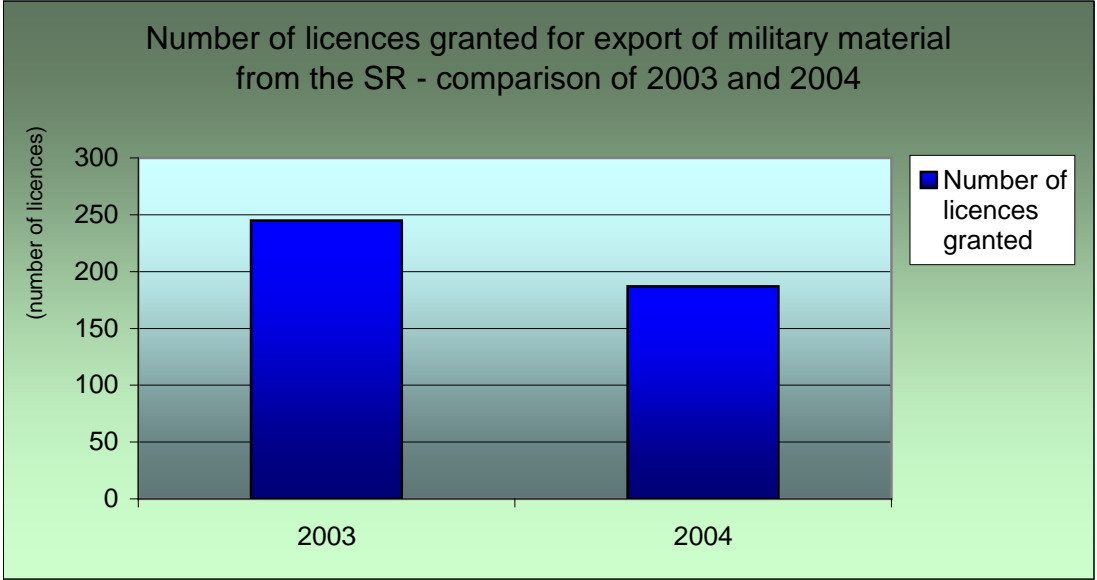
Year	Number of licences [items]	Financial volume of granted licences [SKK]
2003	439	2 136 514 862
2004	353	2 467 061 924



Annex 10:

Number of granted licences for the export of military material from SR – comparison of 2003 and 2004

Year	Number of licences [items]	Financial volume of granted licences [SKK]
2003	245	1 537 941 995
2004	187	2 481 197 923





Annex 11:

CONCLUSIONS OF THE EU COUNCIL ON THE INTERNATIONAL ARMS TRADE CONTRACT  
Brussels, 3 October 2005

The Council has acknowledged the worldwide support for the conclusion of the international contract which would set common norms in respect of global conventional arms trade; and in order to ensure its achievement, the Council encourages all the states, regional organisations and multilateral institutions to join the increasing international consensus on the need for action in this area.

The Council has emphasised its support for this idea noting that binding norms which are in compliance with existing obligations of states on the basis of the respective international law are exceptionally important for combating the proliferation of arms as an undesirable and irresponsible phenomenon representing threat to peace, security, development and total compliance with human rights in some of the most vulnerable parts of the world.

The Council has also agreed that the United Nations is the only forum which may create a truly universal tool in this area and it has encouraged as swift a commencement of a formal process in UN in this area.

The Council has also expressed its belief that the European Union should play an active role in this process alongside countries and regional organisations from different parts of the world that are of similar thinking. The Council has remarked that in implementing this process, the respective initiatives should be taken into account; such as the Conference on Consideration of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in all its aspects in 2006.